#### 110TH CONGRESS 1ST SESSION

# S. 939

To amend the Higher Education Act of 1965 to simplify and improve the process of applying for student assistance, and for other purposes.

#### IN THE SENATE OF THE UNITED STATES

March 20, 2007

Mr. REED (for himself, Ms. Collins, Mr. Kennedy, Mrs. Murray, and Mr. Sanders) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

### A BILL

To amend the Higher Education Act of 1965 to simplify and improve the process of applying for student assistance, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
- 4 (a) Short Title.—This Act may be cited as the
- 5 "Financial Aid Form Simplification and Access Act".
- 6 (b) Table of Contents for
- 7 this Act is as follows:
  - Sec. 1. Short title; table of contents.
  - Sec. 2. Simplified needs test and automatic zero improvements.
  - Sec. 3. Improving paper and electronic forms.
  - Sec. 4. Support for working students.

Sec. 5. Simplification for students with special circumstances.

Sec. 7. Advisory Committee on Student Financial Assistance.

Sec. 6. Definitions.

1	SEC. 2. SIMPLIFIED NEEDS TEST AND AUTOMATIC ZERO IM-
2	PROVEMENTS.
3	(a) Simplified Needs Test.—Section 479 of the
4	Higher Education Act of 1965 (20 U.S.C. 1087ss) is
5	amended—
6	(1) in subsection (b)—
7	(A) in paragraph (1)(A)(i)—
8	(i) in subclause (II), by striking "or"
9	after the semicolon;
10	(ii) by redesignating subclause (III) as
11	subclause (IV);
12	(iii) by inserting after subclause (II)
13	the following:
14	"(III) 1 of whom is a dislocated
15	worker; or''; and
16	(iv) in subclause (IV) (as redesignated
17	by clause (ii)), by striking "12-month" and
18	inserting "24-month"; and
19	(B) in subparagraph (B)(i)—
20	(i) in subclause (II), by striking "or"
21	after the semicolon;
22	(ii) by redesignating subclause (III) as
23	subclause (IV);

1	(iii) by inserting after subclause (II)
2	the following:
3	"(III) 1 of whom is a dislocated
4	worker; or''; and
5	(iv) in subclause (IV) (as redesignated
6	by clause (ii)), by striking "12-month" and
7	inserting "24-month";
8	(2) in subsection (c)—
9	(A) in paragraph (1)—
10	(i) in subparagraph (A)—
11	(I) in clause (ii), by striking "or"
12	after the semicolon;
13	(II) by redesignating clause (iii)
14	as clause (iv);
15	(III) by inserting after clause (ii)
16	the following:
17	"(iii) 1 of whom is a dislocated work-
18	er; or''; and
19	(IV) in clause (iv) (as redesig-
20	nated by subclause (II)), by striking
21	"12-month" and inserting "24-
22	month"; and
23	(ii) in subparagraph (B), by striking
24	"20,000" and inserting "\$30,000"; and
25	(B) in paragraph (2)—

1	(i) in subparagraph (A)—
2	(I) in clause (ii), by striking "or"
3	after the semicolon;
4	(II) by redesignating clause (iii)
5	as clause (iv);
6	(III) by inserting after clause (ii)
7	the following:
8	"(iii) is a dislocated worker; or"; and
9	(IV) in clause (iv) (as redesig-
10	nated by subclause (II)), by striking
11	"12-month" and inserting "24-
12	month"; and
13	(ii) in subparagraph (B), by striking
14	"\$20,000" and inserting "\$30,000"; and
15	(C) in the flush matter following para-
16	graph (2)(B), by adding at the end the fol-
17	lowing: "The Secretary shall annually adjust
18	the income level necessary to qualify an appli-
19	cant for the zero expected family contribution.
20	The income level shall be adjusted according to
21	increases in the Consumer Price Index, as de-
22	fined in section 478(f)."; and
23	(3) in subsection (d)—

1	(A) by redesignating paragraphs (1)
2	through (6) as subparagraphs (A) through (F),
3	respectively;
4	(B) by striking "(d) Definition" and all
5	that follows through "the term" and inserting
6	the following:
7	"(d) Definitions.—In this section:
8	"(1) DISLOCATED WORKER.—The term 'dis-
9	located worker' has the meaning given the term in
10	section 101 of the Workforce Investment Act of
11	1998 (29 U.S.C. 2801).
12	"(2) Means-tested federal benefit pro-
13	GRAM.—The term".
14	(b) Discretion of Student Financial Aid Ad-
15	MINISTRATORS.—Section 479A(a) of the Higher Edu-
16	cation Act of 1965 (20 U.S.C. 1087tt(a)) is amended in
17	the third sentence by inserting "a family member who is
18	a dislocated worker (as defined in section 101 of the
19	Workforce Investment Act of 1998 (29 U.S.C. 2801)),"
20	after "recent unemployment of a family member,".
21	(c) Reporting Requirements.—
22	(1) Eligibility guidelines.—The Secretary
23	of Education shall regularly evaluate the impact of
24	the eligibility guidelines in subsections $(b)(1)(A)(i)$ ,
25	(b)(1)(B)(i), $(c)(1)(A)$ , and $(c)(2)(A)$ of section 479

- of the Higher Education Act of 1965 (20 U.S.C.
- 2 1087ss(b)(1)(A)(i), (b)(1)(B)(i), (c)(1)(A), and
- (c)(2)(A).
- 4 (2) Means-tested federal benefit pro-
- 5 GRAM.—The Secretary shall evaluate every 3 years
- 6 the impact of including whether a student or parent
- 7 received benefits under a means-tested Federal ben-
- 8 efit program (as defined in section 479(d) of the
- 9 Higher Education Act of 1965 (20 U.S.C.
- 10 1087ss(d)) as a factor in determining eligibility
- under subsections (b) and (c) of section 479 of the
- 12 Higher Education Act of 1965 (20 U.S.C. 1087ss(b)
- and (c).
- 14 SEC. 3. IMPROVING PAPER AND ELECTRONIC FORMS.
- 15 (a) SIMPLIFIED NEEDS TEST.—Section 479(a) of the
- 16 Higher Education Act of 1965 (20 U.S.C. 1087ss(a)) is
- 17 amended by adding at the end the following:
- 18 "(3) SIMPLIFIED FORMS.—The Secretary shall
- make special efforts to notify families meeting the
- requirements of subsection (c) that such families
- 21 may use the EZ FAFSA described in section
- 483(a)(2)(B) and notify families meeting the re-
- 23 quirements of subsection (b) that such families may
- use the simplified electronic application form de-
- scribed in section 483(a)(3)(B).".

1	(b) Common Financial Aid Form Development
2	AND PROCESSING.—Section 483 of the Higher Education
3	Act of 1965 (20 U.S.C. 1090) is amended—
4	(1) in subsection (a)—
5	(A) by striking paragraphs (1), (2), and
6	(5);
7	(B) by redesignating paragraphs (3), (4),
8	(6), and (7), as paragraphs (8), (9), (10), and
9	(11), respectively;
10	(C) by inserting before paragraph (8), as
11	redesignated by subparagraph (B), the fol-
12	lowing:
13	"(1) In general.—
14	"(A) COMMON FINANCIAL REPORTING
15	FORMS.—The Secretary, in cooperation with
16	representatives of agencies and organizations
17	involved in student financial assistance, shall
18	produce, distribute, and process free of charge
19	common financial reporting forms as described
20	in this subsection to be used for application and
21	reapplication to determine the need and eligi-
22	bility of a student for financial assistance under
23	parts A through E (other than subpart 4 of
24	part A). These forms shall be made available to
25	applicants in both paper and electronic formats

and shall be referred to (except as otherwise provided in this subsection) as the 'Free Application for Federal Student Aid' or 'FAFSA'.

"(B) Early analysis.—The Secretary shall permit an applicant to complete a form described in this subsection prior to enrollment in order to obtain an estimate from the Secretary of the applicant's expected family contribution. Such applicant shall be permitted to update the information contained on a form submitted pursuant to the preceding sentence, using the process described in paragraph (4), for purposes of applying for assistance under this title for the first academic year for which the applicant applies for financial assistance under this title.

#### "(2) Paper format.—

"(A) IN GENERAL.—Subject to subparagraph (C), the Secretary shall produce, distribute, and process common forms in paper format to meet the requirements of paragraph (1). The Secretary shall develop a common paper form for applicants who do not meet the requirements of section 479(c).

"(B) EZ FAFSA.—

1	"(i) In General.—The Secretary
2	shall develop and use a simplified paper
3	application form, to be known as the 'EZ
4	FAFSA', to be used for applicants meeting
5	the requirements of section 479(c).
6	"(ii) Reduced data require-
7	MENTS.—The EZ FAFSA shall permit an
8	applicant to submit for financial assistance
9	purposes, only the data elements required
10	to make a determination of whether the
11	applicant meets the requirements under
12	section 479(c).
13	"(iii) State data.—The Secretary
14	shall include on the EZ FAFSA space for
15	information that is required of an appli-
16	cant to be eligible for State financial as-
17	sistance, as provided under paragraph (5),
18	except the Secretary shall not include a
19	State's data if that State does not permit
20	its applicants for State assistance to use
21	the EZ FAFSA.
22	"(iv) Free availability and proc-
23	ESSING.—The provisions of paragraph (6)
24	shall apply to the EZ FAFSA, and the

data collected by means of the EZ FAFSA  $\,$ 

1	shall be available to institutions of higher
2	education, guaranty agencies, and States
3	in accordance with paragraph (8).
4	"(v) Testing.—The Secretary shall
5	conduct appropriate field testing on the
6	EZ FAFSA.
7	"(C) Phasing out the paper form for
8	STUDENTS WHO DO NOT MEET THE REQUIRE-
9	MENTS OF THE AUTOMATIC ZERO EXPECTED
10	FAMILY CONTRIBUTION.—
11	"(i) In General.—The Secretary
12	shall make all efforts to encourage all ap-
13	plicants to utilize the electronic forms de-
14	scribed in paragraph (3).
15	"(ii) Phaseout of full paper
16	FAFSA.—Not later than 5 years after the
17	date of enactment of the Financial Aid
18	Form Simplification and Access Act, to the
19	extent practicable, the Secretary shall
20	phaseout the printing of the full paper
21	Free Application for Federal Student Aid
22	described in subparagraph (A) and used by
23	applicants who do not meet the require-
24	ments of the EZ FAFSA described in sub-
25	paragraph (B).

1	"(iii) Availability of full paper
2	FAFSA.—
3	"(I) In general.—Prior to and
4	after the phaseout described in clause
5	(ii), the Secretary shall maintain an
6	online printable version of the paper
7	forms described in subparagraphs (A)
8	and (B).
9	"(II) Accessibility.—The on-
10	line printable version described in sub-
11	clause (I) shall be made easily acces-
12	sible and downloadable to students on
13	the same website used to provide stu-
14	dents with the electronic application
15	forms described in paragraph (3).
16	"(III) Submission of forms.—
17	The Secretary shall enable, to the ex-
18	tent practicable, students to submit a
19	form described in this clause that is
20	downloaded and printed in order to
21	meet the filing requirements of this
22	section and to receive aid from pro-
23	grams established under this title.
24	"(iv) Use of savings to address
25	THE DIGITAL DIVIDE.—

"(I) IN GENERAL.—The Sec-1 2 retary shall utilize savings accrued by 3 phasing out the full paper Free Appli-4 cation for Federal Student Aid and moving more applicants to the elec-6 tronic forms, to improve access to the 7 electronic forms for applicants meet-8 ing the requirements ofsection 9 479(c).

"(II) REPORT.—The Secretary shall report annually to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and Labor of the House of Representatives on steps taken to eliminate the digital divide and on the phaseout of the full paper Free Application for Federal Student Aid described in subparagraph (A). The report shall specifically address the impact of the digital divide on independent students, adults, and dependent students, including students completing applica-

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1	tions described in this paragraph and
2	paragraphs (3) and (4).
3	"(3) Electronic format.—
4	"(A) In general.—
5	"(i) Establishment.—The Secretary
6	shall produce, distribute, and process com-
7	mon financial reporting forms in electronic
8	format (such as through a website called
9	'FAFSA on the Web') to meet the require-
10	ments of paragraph (1). The Secretary
11	shall include an electronic version of the
12	EZ FAFSA form for applicants who meet
13	the requirements of section 479(c) and de-
14	velop common electronic forms for appli-
15	cants who meet the requirements of section
16	479(b) and common electronic forms for
17	applicants who do not meet the require-
18	ments of section 479(b).
19	"(ii) State data.—The Secretary
20	shall include on the common electronic
21	forms described in clause (i) space for in-
22	formation that is required of an applicant
23	to be eligible for State financial assistance,
24	as provided under paragraph (5). The Sec-
25	retary may not require an applicant to

1	complete data required by any State other
2	than the applicant's State of residence.
3	"(iii) Streamlined format.—The
4	Secretary shall use, to the fullest extent
5	practicable, all available technology to en-
6	sure that a student answers only the min-
7	imum number of questions necessary.
8	"(B) SIMPLIFIED APPLICATION.—
9	"(i) In General.—The Secretary
10	shall develop and use a simplified elec-
11	tronic application form to be used by appli-
12	cants meeting the requirements under sec-
13	tion 479(b).
14	"(ii) Reduced data require-
15	MENTS.—The simplified electronic applica-
16	tion form shall permit an applicant to sub-
17	mit for financial assistance purposes, only
18	the data elements required to make a de-
19	termination of whether the applicant meets
20	the requirements under section 479(b).
21	"(iii) State data.—The Secretary
22	shall include on the simplified electronic
23	application form space for information that
24	is required of an applicant to be eligible for
25	State financial assistance, as provided

under paragraph (5), except the Secretary
shall not include a State's data if that
State does not permit its applicants for
State assistance to use the simplified electronic application form.

"(iv) Free availability and proc-

"(iv) Free availability and proc-Essing.—The provisions of paragraph (6) shall apply to the simplified electronic application form, and the data collected by means of the simplified electronic application form shall be available to institutions of higher education, guaranty agencies, and States in accordance with paragraph (8).

- "(v) Testing.—The Secretary shall conduct appropriate field testing on the form developed under this subparagraph.
- "(C) Rule of construction.—Nothing in this subsection shall be construed to prohibit the use of the form developed by the Secretary pursuant to this paragraph by an eligible institution, eligible lender, guaranty agency, State grant agency, private computer software provider, a consortium of such entities, or such other entities as the Secretary may designate.

1 "(D) Privacy.—The Secretary shall en-2 sure that data collection under this paragraph 3 complies with section 552a of title 5, United 4 States Code, and that any entity using the elec-5 tronic version of the forms developed by the 6 Secretary pursuant to this paragraph shall 7 maintain reasonable and appropriate adminis-8 trative, technical, and physical safeguards to 9 ensure the integrity and confidentiality of the 10 information, and to protect against security 11 threats, or unauthorized uses or disclosures of 12 information provided on the electronic 13 version of the form. Data collected by such elec-14 tronic version of the form shall be used only for 15 the application, award, and administration of 16 aid awarded under this title, State aid, or aid 17 awarded by eligible institutions or such entities 18 as the Secretary may designate. No data col-19 lected by such electronic version of the form 20 shall be used for making final aid awards under 21 this title until such data have been processed by 22 the Secretary or a contractor or designee of the 23 Secretary, except as may be permitted under this title. 24

1	"(E) Signature.—Notwithstanding any
2	other provision of this Act, the Secretary may
3	permit an electronic form to be submitted with-
4	out a signature, if a signature is subsequently
5	submitted by the applicant.
6	"(F) Personal identification num-
7	BERS AUTHORIZED.—The Secretary is author-
8	ized to assign to applicants personal identifica-
9	tion numbers—
10	"(i) to enable the applicants to use
11	such numbers in lieu of a signature for
12	purposes of completing a form under this
13	paragraph; and
14	"(ii) for any purpose determined by
15	the Secretary to enable the Secretary to
16	carry out this title.
17	"(G) Personal identification number
18	IMPROVEMENT ASSESSMENT AND REPORT.—
19	"(i) Assessment.—The Secretary
20	shall conduct an assessment of the feasi-
21	bility of minimizing, and of eliminating,
22	the time required for applicants to obtain
23	a Personal Identification Number when ap-
24	plying for aid under this title through an
25	electronic format (such as through a

website called 'FAFSA on the Web') including an examination of the feasibility of implementing a real-time data match between the Social Security Administration and the Department.

"(ii) Report.—The Secretary shall report the findings of the assessment described in clause (i) to Congress not later than 6 months after the date of enactment of the Financial Aid Form Simplification and Access Act, including the next steps that may be taken to minimize the time required for applicants to obtain a Personal Identification Number when applying for aid under this title through an electronic format.

#### "(4) Reapplication.—

"(A) IN GENERAL.—The Secretary shall develop streamlined reapplication forms and processes, including both paper and electronic reapplication processes, consistent with the requirements of this subsection, for an applicant who applies for financial assistance under this title in the next succeeding academic year subsequent to the year in which such applicant

first applied for financial assistance under this title.

"(B) UPDATED.—The Secretary shall determine, in cooperation with States, institutions of higher education, and agencies and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year's application.

"(C) ZERO FAMILY CONTRIBUTION.—Applicants determined to have a zero family contribution pursuant to section 479(c) shall not be required to provide any financial data in a reapplication form, except that which is necessary to determine eligibility under such section.

#### "(5) STATE REQUIREMENTS.—

"(A) IN GENERAL.—The Secretary shall include on the forms developed under this subsection, such State-specific data items as the Secretary determines are necessary to meet State requirements for need-based State aid. Such items shall be selected in consultation with States to assist in the awarding of State financial assistance in accordance with the terms of this subsection. The number of such

1	data items shall not be less than the number in-
2	cluded on the form on October 7, 1998, unless
3	States notify the Secretary that they no longer
4	require those data items for the distribution of
5	State need-based aid.
6	"(B) Annual Review.—The Secretary
7	shall conduct an annual review process to deter-
8	mine which forms and data items the States re-
9	quire to award need-based State aid and other
10	application requirements that the States may
11	impose.
12	"(C) FEDERAL REGISTER NOTICE.—The
13	Secretary shall publish on an annual basis a no-
14	tice in the Federal Register requiring each
15	State agency to inform the Secretary—
16	"(i) if the agency is unable to permit
17	applicants to utilize the forms described in
18	paragraphs (2)(B) and (3)(B); and
19	"(ii) of the State-specific data that
20	the agency requires for delivery of State
21	need-based financial aid.
22	"(D) STATE NOTIFICATION TO THE SEC-
23	RETARY.—
24	"(i) In General.—Each State shall
25	notify the Secretary—

1	"(I) whether the State permits
2	an applicant to file a form described
3	in paragraph $(2)(B)$ or $(3)(B)$ for
4	purposes of determining eligibility for
5	State need-based grant aid; and
6	"(II) of the State-specific data
7	that the State requires for delivery of
8	State need-based financial aid.
9	"(ii) No permission.—In the event
10	that a State does not permit an applicant
11	to file a form described in paragraph
12	(2)(B) or $(3)(B)$ for purposes of deter-
13	mining eligibility for State need-based
14	grant aid—
15	"(I) the State shall notify the
16	Secretary if it is not permitted to do
17	so because of State law or because of
18	agency policy; and
19	"(II) the notification under sub-
20	clause (I) shall include an estimate of
21	the program cost to permit applicants
22	to complete the forms described in
23	paragraphs $(2)(B)$ and $(3)(B)$ .
24	"(iii) Lack of notification by the
25	STATE —If a State does not notify the

1	Secretary pursuant to clause (i), the Sec-
2	retary shall—
3	"(I) permit residents of that
4	State to complete the forms described
5	in paragraphs (2)(B) and (3)(B); and
6	"(II) not require any resident of
7	that State to complete any data pre-
8	viously required by that State.
9	"(E) RESTRICTION.—The Secretary shall
10	not require applicants to complete any non-
11	financial data or financial data that are not re-
12	quired by the applicant's State agency, except
13	as may be required for applicants who use the
14	paper forms described in subparagraphs (A)
15	and (B) of paragraph (2).
16	"(6) Charges to students and parents
17	FOR USE OF FORMS PROHIBITED.—The common fi-
18	nancial reporting forms prescribed by the Secretary
19	under this subsection shall be produced, distributed,
20	and processed by the Secretary and no parent or
21	student shall be charged a fee by the Secretary, a
22	contractor, a third party servicer or private software
23	provider, or any other public or private entity for the
24	collection, processing, or delivery of financial aid
25	through the use of such forms. The need and eligi-

1 bility of a student for financial assistance under 2 parts A through E (other than under subpart 4 of 3 part A) may only be determined by using a form de-4 veloped by the Secretary pursuant to this subsection. 5 No student may receive assistance under parts A 6 through E (other than under subpart 4 of part A), 7 except by use of a form developed by the Secretary 8 pursuant to this subsection. No data collected on a 9 paper or electronic form or other document, which 10 the Secretary determines was created to replace a 11 form prescribed under this subsection and therefore 12 violates the integrity of a simplified and free finan-13 cial aid application process, for which a fee is 14 charged shall be used to complete the form pre-15 scribed under this subsection. No person, commer-16 cial entity, or other entity shall request, obtain, or 17 utilize an applicant's Personal Identification Number 18 for purposes of submitting an application on an ap-19 plicant's behalf, other than a State agency, an eligi-20 ble institution, or a program under this title that the 21 Secretary permits to so request, obtain, or utilize an 22 applicant's Personal Identification Number in order 23 to streamline the application.

"(7) APPLICATION PROCESSING CYCLE.—The Secretary shall, prior to January 1 of a student's

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1	planned year of enrollment to the extent prac-
2	ticable—
3	"(A) enable the student to submit a form
4	described under this subsection in order to meet
5	the filing requirements of this section and re-
6	ceive aid from programs under this title; and
7	"(B) initiate the processing of a form
8	under this subsection submitted by the stu-
9	dent."; and
10	(D) by adding at the end the following:
11	"(12) Early application and award dem-
12	ONSTRATION PROGRAM.—
13	"(A) IN GENERAL.—Not later than 2 years
14	after the date of enactment of the Financial
15	Aid Form Simplification and Access Act, the
16	Secretary shall implement an early application
17	demonstration program enabling dependent stu-
18	dents to—
19	"(i) complete applications under this
20	subsection in such students' junior year of
21	secondary school, or in the academic year
22	that is 2 years prior to such students' in-
23	tended year of enrollment at an institution
24	of higher education (as early as the Sec-
25	retary determines practicable after Janu-

1	ary 1st of such junior year or academic
2	year, respectively);
3	"(ii) receive an estimate of such stu-
4	dents' final financial aid awards in such
5	junior year or academic year, respectively;
6	"(iii) update, in the year prior to such
7	students' planned year of enrollment (be-
8	fore January 1st of the planned year of en-
9	rollment to the extent practicable), the in-
10	formation contained in an application sub-
11	mitted under clause (i), using the process
12	described in paragraph (4) to determine
13	such students' final financial aid awards;
14	and
15	"(iv) receive final financial aid awards
16	based on updated information described in
17	clause (iii).
18	"(B) Purpose.—The purpose of the dem-
19	onstration program under this paragraph is to
20	measure the benefits, in terms of student aspi-
21	rations and plans to attend college, and the ad-
22	verse effects, in terms of program costs, integ-
23	rity, distribution, and delivery of aid under this
24	title, of implementing an early application sys-
25	tem for all dependent students that allows de-

pendent students to apply for financial aid using information from the year prior to the year prior to enrollment at an institution of higher education. Additional objectives associated with implementation of the demonstration program are the following:

"(i) Measure the feasibility of enabling dependent students to apply for Federal, State, and institutional financial aid in such students' junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, using information from the year prior to the year prior to enrollment, by completing any of the application forms under this subsection.

"(ii) Determine the feasibility, benefits, and adverse effects of utilizing information from the Internal Revenue Service in order to simplify the Federal student aid application process.

"(iii) Identify whether receiving estimates of final financial aid awards not later than a student's junior year, or the

1	academic year that is 2 years prior to such
2	students' intended year of enrollment at an
3	institution of higher education, positively
4	impacts the college aspirations and plans
5	of such student.
6	"(iv) Measure the impact of using in-
7	come information from the year prior to
8	the year prior to enrollment on—
9	"(I) eligibility for financial aid
10	under this title and for other institu-
11	tional aid; and
12	"(II) the cost of financial aid
13	programs under this title.
14	"(v) Effectively evaluate the benefits
15	and adverse effects of the demonstration
16	program on program costs, integrity, dis-
17	tribution, and delivery of aid.
18	"(C) Participants.—The Secretary shall
19	select, in consultation with States and institu-
20	tions of higher education, States and institu-
21	tions of higher education within the States in-
22	terested in participating in the demonstration
23	program under this paragraph. The States and
24	institutions of higher education shall participate
25	in programs under this title and be willing to

make estimates of final financial aid awards to students based on such students' application information from the year prior to the year prior to enrollment. The Secretary shall also select as participants in the demonstration program secondary schools that are located in the participating States and dependent students who reside in the participating States.

- "(D) APPLICATION PROCESS.—The Secretary shall ensure that the following provisions are included in the demonstration program:
  - "(i) Participating States and institutions of higher education shall—

"(I) encourage participating students to apply for estimates of final financial aid awards as provided under this title in such students' junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, using information from the year prior to the year prior to enrollment;

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1	"(II) provide estimates of final fi-
2	nancial aid awards to participating
3	students based on the students' appli-
4	cation information from the year prior
5	to the year of enrollment; and
6	"(III) make final financial aid
7	awards to participating students
8	based on the updated information con-
9	tained on a form submitted using the
10	process described in paragraph (4).
11	"(ii) Financial aid administrators at
12	participating institutions of higher edu-
13	cation shall be allowed to use such admin-
14	istrators' discretion in awarding financial
15	aid to participating students, as outlined
16	under section 479A.
17	"(E) Feasibility study.—The Secretary
18	shall include in the demonstration program a
19	study of the feasibility of utilizing data from
20	the Internal Revenue Service in order to—
21	"(i) pre-populate electronic application
22	forms for financial aid under this title
23	(such as through a website called 'FAFSA
24	on the Web') with applicant information
25	from the Internal Revenue Service;

1	"(ii) verify data provided by students
2	participating in the demonstration pro-
3	gram, including the feasibility of a data
4	match; and
5	"(iii) award and deliver financial aid
6	under this title.
7	"(F) EVALUATION.—The Secretary shall
8	conduct a rigorous evaluation of the demonstra-
9	tion program in order to measure the program's
10	benefits and adverse effects as the benefits and
11	affects relate to the purpose and objectives de-
12	scribed in subparagraph (B).
13	"(G) Outreach.—The Secretary shall
14	make appropriate efforts in order to notify
15	States of the demonstration program. Upon de-
16	termination of which States will be partici-
17	pating in the demonstration program, the Sec-
18	retary shall continue to make efforts to notify
19	institutions of higher education and dependent
20	students within such participating States of the
21	opportunity to participate in the demonstration
22	program and of the participation requirements.
23	"(H) Consultation.—The Secretary
24	shall consult with the Advisory Committee on
25	Student Financial Assistance, established under

1	section 491, on the design and implementation
2	of the demonstration program and on the eval-
3	uation described in paragraph (F).";
4	(2) by striking subsection (b) and inserting the
5	following:
6	"(b) Early Awareness of Aid Eligibility.—
7	"(1) IN GENERAL.—The Secretary shall make
8	every effort to provide students with early informa-
9	tion about potential financial aid eligibility.
10	"(2) Availability of means to determine
11	ELIGIBILITY.—
12	"(A) IN GENERAL.—The Secretary shall
13	provide, in cooperation with States, institutions
14	of higher education, agencies, and organizations
15	involved in student financial assistance, through
16	a widely disseminated printed form and through
17	the Internet or other electronic means, a system
18	for individuals to determine easily, by entering
19	relevant data, approximately the amount of
20	grant, work-study, and loan assistance for
21	which an individual would be eligible under this
22	title upon completion and verification of a form
23	under subsection (a).
24	"(B) Determination of whether to
25	USE SIMPLIFIED APPLICATION.—The system es-

1	tablished under this paragraph shall also permit
2	an individual to determine whether or not the
3	individual may apply for aid using an EZ
4	FAFSA described in subsection (a)(2)(B) or a
5	simplified electronic application form described
6	in subsection (a)(3)(B).
7	"(3) Availability of means to commu-
8	NICATE ELIGIBILITY.—
9	"(A) LOWER-INCOME STUDENTS.—The
10	Secretary shall—
11	"(i) make special efforts to notify stu-
12	dents who qualify for a free or reduced
13	price lunch under the school lunch pro-
14	gram established under the Richard B.
15	Russell National School Lunch Act (42
16	U.S.C. 1751 et seq.), benefits under the
17	food stamp program under the Food
18	Stamp Act of 1977 (7 U.S.C. 2011 et
19	seq.), or benefits under such programs as
20	the Secretary shall determine, of such stu-
21	dents' potential eligibility for a maximum
22	Federal Pell Grant under subpart 1 of part
23	A; and
24	"(ii) disseminate informational mate-
25	rials regarding the linkage between eligi-

bility for means-tested Federal benefit programs and eligibility for a Federal Pell
Grant, as determined necessary by the Secretary.

"(B) MIDDLE SCHOOL STUDENTS.—The Secretary shall, in cooperation with States, middle schools, programs under this title that serve middle school students, and other cooperating independent outreach programs, make special efforts to notify middle school students of the availability of financial assistance under this title and of the approximate amounts of grant, work-study, and loan assistance an individual would be eligible for under this title.

"(C) Secondary school students.—
The Secretary, in cooperation with States, secondary schools, programs under this title that serve secondary school students, and cooperating independent outreach programs, shall make special efforts to notify students in their junior year of secondary school, or in the academic year that is 2 years prior to such students' intended year of enrollment at an institution of higher education, of the approximate amounts of grant, work-study, and loan assist-

1	ance an individual would be eligible for under
2	this title upon completion and verification of an
3	application form under subsection (a).";
4	(3) in subsection (c)—
5	(A) by striking "Labor and Human Re-
6	sources" and inserting "Health, Education,
7	Labor, and Pensions"; and
8	(B) by striking "the Workforce" and in-
9	serting "Labor"; and
10	(4) by striking subsections (d) and (e), and in-
11	serting the following:
12	"(d) Assistance in Preparation of Financial
13	AID APPLICATION.—
14	"(1) Preparation authorized.—Nothing in
15	this Act shall be construed to limit an applicant
16	from using a preparer for consultative or prepara-
17	tion services for the completion of the common fi-
18	nancial reporting forms described in subsection (a).
19	"(2) Preparer identification.—Any com-
20	mon financial reporting form required to be made
21	under this title shall include the name, signature,
22	address or employer's address, social security num-
23	ber or employer identification number, and organiza-
24	tional affiliation of the preparer of such common fi-
25	nancial reporting form.

"(3) Special rule.—Nothing in this Act shall
be construed to limit preparers of common financial
reporting forms required to be made under this title
from collecting source information, including Internal Revenue Service tax forms, in providing consultative and preparation services in completing the
forms.

"(4) Additional requirements.—A preparer that provides consultative or preparation services pursuant to this subsection shall—

"(A) clearly inform individuals upon initial contact (including advertising in clear and conspicuous language on the website of the preparer, including by providing a link directly to the website described in subsection (a)(3), if the preparer provides such services through a website) that the common financial reporting forms that are required to determine eligibility for financial assistance under parts A through E (other than subpart 4 of part A) may be completed for free via paper or electronic forms provided by the Secretary;

"(B) refrain from producing or disseminating any form other than the forms produced by the Secretary under subsection (a); and

1 "(C) not charge any fee to any individual 2 seeking such services who meets the require-3 ments under subsection (b) or (c) of section 4 479.". 5 (c) Toll-Free Application and Information.— 6 Section 479 of the Higher Education Act of 1965 (20) U.S.C. 1087ss), as amended by subsection (b)(4), is fur-8 ther amended by adding at the end the following: 9 "(e) TOLL-FREE APPLICATION AND INFORMA-10 TION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide an applica-12 tion mechanism and timely and accurate information to the general public. The information provided shall include specific instructions on completing the application form 14 15 for assistance under this title. Such service shall also include a service accessible by telecommunications devices 16 for the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students 18 19 to the national clearinghouse on postsecondary education 20 or another appropriate provider of technical assistance 21 and information on postsecondary educational services, 22 that is supported under section 663 of the Individuals with 23 Disabilities Education Act (20 U.S.C. 1463). Not later than 2 years after the date of enactment of the Financial Aid Form Simplification and Access Act, the Secretary

- 1 shall test and implement, to the extent practicable, a toll-
- 2 free telephone-based application system to permit appli-
- 3 cants who are eligible to utilize the EZ FAFSA described
- 4 in section 483(a) over such system.".
- 5 (d) Master Calendar.—Section 482(a)(1)(B) of
- 6 the Higher Education Act of 1965 (20 U.S.C.
- 7 1089(a)(1)(B)) is amended to read as follows:
- 8 "(B) by March 1: proposed modifications
- 9 and updates pursuant to sections 478, 479(c),
- and 483(a)(5) published in the Federal Reg-
- 11 ister;".
- 12 (e) Simplifying the Verification Process.—
- 13 Section 484 of the Higher Education Act of 1965 (20
- 14 U.S.C. 1091) is amended by adding at the end the fol-
- 15 lowing:
- 16 "(s) Verification of Student Eligibility.—
- 17 "(1) REGULATORY REVIEW.—The Secretary
- shall review all regulations of the Department re-
- 19 lated to verifying the information provided on a stu-
- dent's financial aid application in order to simplify
- 21 the verification process for students and institutions.
- 22 "(2) Report.—Not later than 2 years after the
- date of enactment of the Financial Aid Form Sim-
- 24 plification and Access Act, the Secretary shall pre-
- pare and submit a final report to the Committee on

1	Health, Education, Labor, and Pensions of the Sen-
2	ate and the Committee on Education and Labor of
3	the House of Representatives on steps taken, to the
4	extent practicable, to simplify the verification proc-
5	ess. The report shall specifically address steps taken
6	to—
7	"(A) reduce the burden of verification or
8	students who are selected for verification at
9	multiple institutions;
10	"(B) reduce the number of data elements
11	that are required to be verified for applicants
12	meeting the requirements of subsection (b) or
13	(c) of section 479, so that only those data ele-
14	ments required to determine eligibility under
15	subsection (b) or (c) of section 479 are subject
16	to verification;
17	"(C) reduce the burden and costs associ-
18	ated with verification for institutions that are
19	eligible to participate in Federal student aid
20	programs under this title; and
21	"(D) increase the use of technology in the
22	verification process.".

#### 1 SEC. 4. SUPPORT FOR WORKING STUDENTS.

2	(a) Dependent Students.—Section 475(g)(2)(D)
3	of the Higher Education Act of 1965 (20 U.S.C.
4	108700(g)(2)(D)) is amended to read as follows:
5	"(D) \$9,000;".
6	(b) Independent Students Without Depend-
7	ENTS OTHER THAN A SPOUSE.—Section 476(b)(1)(A)(iv)
8	of the Higher Education Act of 1965 (20 U.S.C.
9	1087pp(b)(1)(A)(iv)) is amended to read as follows:
10	"(iv) an income protection allowance
11	of the following amount (or a successor
12	amount prescribed by the Secretary under
13	section 478)—
14	"(I) \$10,000 for single or sepa-
15	rated students;
16	"(II) \$10,000 for married stu-
17	dents where both are enrolled pursu-
18	ant to subsection (a)(2); and
19	"(III) \$13,000 for married stu-
20	dents where 1 is enrolled pursuant to
21	subsection (a)(2);".
22	(c) Independent Students With Dependents
23	OTHER THAN A SPOUSE.—Section 477(b)(4) of the High-
24	er Education Act of 1965 (20 U.S.C. 1087qq(b)(4)) is
25	amended to read as follows:

1 "(4) Income protection allowance.—The 2 income protection allowance is determined by the fol-3 lowing table (or a successor table prescribed by the 4 Secretary under section 478):

"Income Protection Allowance

Floreiler Cino	Number in College					
Family Size	1	2	3	4	5	
2	\$17,580	\$15,230				
3	20,940	17,610	\$16,260			
4	24,950	22,600	20,270	\$17,930		
5	28,740	$26,\!390$	24,060	21,720	\$19,390	
6	32,950	30,610	28,280	25,940	23,610	

NOTE: For each additional family member, add \$3,280. For each additional college student, subtract \$2,330.".

## SEC. 5. SIMPLIFICATION FOR STUDENTS WITH SPECIAL

6 CIRCUMSTANCES.

7 (a) INDEPENDENT STUDENT.—Section 480(d) of the

8 Higher Education Act of 1965 (20 U.S.C. 1087vv(d)) is

9 amended to read as follows:

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"(d) Independent Student.—

11 "(1) DEFINITION.—The term 'independent', 12 when used with respect to a student, means any in-13 dividual who—

14 "(A) is 24 years of age or older by Decem-15 ber 31 of the award year;

"(B) is an orphan, in foster care, or a ward of the court, or was in foster care or a ward of the court until the individual reached the age of 18;

1	"(C) is an emancipated minor or is in legal
2	guardianship as determined by a court of com-
3	petent jurisdiction in the individual's State of
4	legal residence;
5	"(D) is a veteran of the Armed Forces of
6	the United States (as defined in subsection
7	(c)(1)) or is currently serving on active duty in
8	the Armed Forces;
9	"(E) is a graduate or professional student;
10	"(F) is a married individual;
11	"(G) has legal dependents other than a
12	spouse; or
13	"(H) is a student for whom a financial aid
14	administrator makes a documented determina-
15	tion of independence by reason of other unusual
16	circumstances.
17	"(2) Simplifying the dependency over-
18	RIDE PROCESS.—Nothing in this section shall be
19	construed to prohibit a financial aid administrator
20	from making a determination of independence, as
21	described in paragraph (1)(H), based upon a deter-
22	mination of independence previously made by an-
23	other financial aid administrator in the same appli-
24	cation year.".

1	(b) Tailoring Electronic Applications for
2	STUDENTS WITH SPECIAL CIRCUMSTANCES.—Section
3	483(a) of the Higher Education Act of 1965 (20 U.S.C.
4	1090(a)), as amended by section 3(b)(1)(D), is further
5	amended by adding at the end the following:
6	"(13) Applications for students seeking
7	A DOCUMENTED DETERMINATION OF INDEPEND-
8	ENCE.—In the case of a dependent student seeking
9	a documented determination of independence by a fi-
10	nancial aid administrator, as described in section
11	480(d), nothing in this section shall prohibit the
12	Secretary from—
13	"(A) allowing such student to—
14	"(i) indicate the student's request for
15	a documented determination of independ-
16	ence on an electronic form developed pur-
17	suant to this subsection; and
18	"(ii) submit such form for preliminary
19	processing that only contains those data
20	elements required of independent students,
21	as defined in section 480(d);
22	"(B) collecting and processing on a pre-
23	liminary basis data provided by such a student
24	using the electronic forms developed pursuant
25	to this subsection: and

1 "(C) distributing such data to institutions 2 of higher education, guaranty agencies, and 3 States for the purposes of processing loan appli-4 cations and determining need and eligibility for 5 institutional and State financial aid awards on 6 a preliminary basis, pending a documented de-7 termination of independence by a financial aid 8 administrator.". SEC. 6. DEFINITIONS. 10 (a) TOTAL INCOME.—Section 480(a)(2) of the Higher Education Act of (20 U.S.C. 1087vv(a)(2)) is amended— 12 13 (1) by striking "and no portion" and inserting 14 "no portion"; and 15 (2) by inserting "and no distribution from any qualified education benefit described in subsection 16 17 (f)(3) that is not subject to Federal income tax," 18 after "1986,". 19 (b) Assets.—Section 480(f) of the Higher Education 20 Act of 1965 (20 U.S.C. 1087vv(f)) is amended— (1) in paragraph (3), by striking "shall not be 21

considered an asset of a student for purposes of sec-

tion 475" and inserting "shall be considered an

asset of the parent for purposes of section 475";

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1	(2) by redesignating paragraphs (4) and (5) as
2	paragraphs (5) and (6), respectively; and
3	(3) by inserting after paragraph (3) the fol-
4	lowing:
5	"(4) A qualified education benefit shall be con-
6	sidered an asset of the student for purposes of sec-
7	tion 476 and 477.".
8	(c) Other Financial Assistance.—Section
9	480(j)(2) of the Higher Education Act of 1965 (20 U.S.C.
10	1087vv(j)(2)) is amended by inserting ", or a distribution
11	that is not includable in gross income under section 529
12	of such Code, under another prepaid tuition plan offered
13	by a State, or under a Coverdell education savings account
14	under section 530 of such Code," after "1986".
15	SEC. 7. ADVISORY COMMITTEE ON STUDENT FINANCIAL AS-
16	SISTANCE.
17	Section 491 of the Higher Education Act of 1965 (20
18	U.S.C. 1098) is further amended—
19	(1) in subsection (a)(2)—
20	(A) in subparagraph (B), by striking
21	"and" after the semicolon;
22	(B) in subparagraph (C), by striking the
23	period at the end and inserting a semicolon;
24	and
25	(C) by adding at the end the following:

1	"(D) to provide knowledge and under-
2	standing of early intervention programs and
3	make recommendations that will result in early
4	awareness by low- and moderate-income stu-
5	dents and families of their eligibility for assist-
6	ance under this title, and, to the extent prac-
7	ticable, their eligibility for other forms of State
8	and institutional need-based student assistance;
9	and
10	"(E) to make recommendations that will
11	expand and improve partnerships among the
12	Federal Government, States, institutions, and
13	private entities to increase the awareness and
14	total amount of need-based student assistance
15	available to low- and moderate-income stu-
16	dents.";
17	(2) in subsection (d)—
18	(A) in paragraph (6), by striking ", but
19	nothing in this section shall authorize the com-
20	mittee to perform such studies, surveys, or
21	analyses";
22	(B) in paragraph (8), by striking "and"
23	after the semicolon;
24	(C) by redesignating paragraph (9) as

paragraph (10); and

1	(D) by inserting after paragraph (8) the
2	following:
3	"(9) monitor the adequacy of total need-based
4	aid available to low- and moderate-income students
5	from all sources, assess the implications for access
6	and persistence, and report those implications annu-
7	ally to Congress and the Secretary; and";
8	(3) in subsection (j)—
9	(A) in paragraph (4), by striking "and"
10	after the semicolon;
11	(B) in paragraph (5), by striking the pe-
12	riod at the end and inserting "; and; and
13	(C) by adding at the end the following:
14	"(6) monitor and assess implementation of im-
15	provements called for under this title, make rec-
16	ommendations to the Secretary that ensure the time-
17	ly design, testing, and implementation of the im-
18	provements, and report annually to Congress and
19	the Secretary on progress made toward simplifying
20	overall delivery, reducing data elements and ques-
21	tions, incorporating the latest technology, aligning
22	Federal, State, and institutional eligibility, enhanc-
23	ing partnerships, and improving early awareness of
24	total student aid eligibility for low- and moderate-in-
25	come students and families.": and

- 1 (4) in subsection (k), by striking "2004" and
- 2 inserting "2011".

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